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(INCLUDING THE TICKER AND INVESTMENT DIGEST)

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

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## Why the Tape Is a Better Guide Than the News or the Fundamentals

An Address at the Finance Forum, New York City.

By RICHARD D. WYCKOFF.

**S**PECULATORS in the stock market may be divided into three classes: First. Those who operate chiefly on what they hear.

Second. Those who work on facts.

Third. Those who base their commitments on supply and demand.

Class One largely makes up the great percentage of *unsuccessful* speculators. These people come down to Wall Street hoping to get something for nothing; they are hungry for tips; they listen to every rumor; and if there is one thing more sought for than any other by this class of traders, it is "inside information."

So far as the news is concerned, there are two kinds: known and unknown.

Known news is what we find on news slips, news tickers, newspapers and the usual run of market letters.

Known news is what *has happened and has been told*. It becomes public property the moment it is printed in Wall Street. News known to everybody is, except in rare cases, of little use to any-

body. Yet the great public thirsts for news, talks news and trades on news.

Unknown news consists of important facts in possession of a few insiders. It is the possession of these facts which distinguishes the insider from the public.

The insider works with an incalculable advantage. Reports of earnings, probability of reduced or increased dividends, etc., *must* be known to some one person, or a few, before public announcement can be made. This may take place a few minutes, hours, days or weeks later, according to market conditions and the position of the insiders.

Meantime those who trade on the news which is *known* are simply playing into the insider's hands. For example: The latter part of December Union Pacific was very weak on reported poor earnings for the month of November. Union Pacific officials, we are told, are acquainted with the *gross* earnings for the previous month on or about the 10th of each month; hence all the selling in Union Pacific from the 10th to the



ment position by either carrying their securities on a large margin or paying for them in full. Comparatively few work on the short side, although the number is increasing yearly. Insofar as their purchases are made on the basis of intrinsic values, they are more successful than those in Class One. But when they mix with these estimates of intrinsic values, the so-called fundamental statistics, the fundamentals are apt to keep them out or get them in at the wrong time.

A recent issue of the *World's Work* calls attention to the fact that certain gentlemen who make a business of forecasting the market on this basis are not able to agree, and that in some cases they have been fearfully wrong.

If the financial situation could be accurately diagnosed and forecasted by means of fundamentals, it would seem that there should be some harmony of opinion on the part of those who work with this material. But these wide differences apparently prove that some or all of these gentlemen are wrong either in their methods, their premises or in their deductions.

Fundamentals are all right in their way, but they are usually very much in the way of the active trader or even one who operates for the intermediate swings in the market.

I was once a fundamentalist myself. In the spring of 1904, the principal factors showed a heavy balance on the bull side. I therefore bought U. S. Steel common below 9; Union Pacific below 90, and Reading around 45. None of these stocks have been there since. Fundamentals worked in this case, but they will not always work, and any one who makes a business of forecasting the stock market by their aid will find himself wrong at least as often as he is right.

Following are some of the factors which cannot be analyzed or anticipated by means of a study of railroad earnings, crop conditions, the money situation and similar elements: In the first place, fundamentals do not take into account the vitally important factor—manipulation. It is a fact that large operators are able to work the market up and down within a considerable range, re-

gardless of a threatening or promising financial outlook. Insiders also have means of knowing in advance when certain unsatisfactory conditions are to pass away, and their operations are conducted accordingly.

No amount of study in the field of statistics will give one the slightest hint as to Supreme Court decisions, Government prosecutions, stock market object lessons, big shake outs, etc., all of which can take place without fundamentals batting an eye.

You can have all your fundamentals right and draw wrong conclusions; or your conclusions may be correct but one fundamental which you overlook may upset all your calculations.

Then, there are *unknown* factors which *nobody* can analyze. These are continually cropping up and nullifying all those which are known.

During the past six months we have had a splendid exhibition of what political uncertainty will do to the stock market. This is something which no statistician can figure out and no forecaster predict. Such dangers sometimes gather and break in a day or a week, while all other elements remain unchanged.

When a large steel organization is under fire from the Government, and it is necessary to cut prices in order to make a show of competition, the effect upon the Iron and Steel situation is artificial. In other words, the factor of manipulation—manipulation of public sentiment—enters here, and is also more or less incalculable.

A very impressive case of this kind occurred in February, 1909, when, on the announcement of an "open market in steel," U. S. Steel common broke from about 59 to 41¼ amid a tremendous manipulative campaign which shook out the outsider and put the insider in right for the big advance to 94¼.

Interstate Commerce Commission rulings, Supreme Court decisions and Government prosecutions do not require a financier or a statistician, but a lawyer, to extract their true meaning. The Government may have evidence that the Steel Corporation is illegal, but with all due respect to our friend, Mr. Babson, you cannot "plot" evidence, although there may be evidence of a plot.

Market letters of brokerage houses are practically all based on an analysis of *known* stock market factors. If there is any one person present who has *made and kept* money by following the ordinary run of brokerage house literature, let him now speak.

Newspaper financial articles and "reviews and outlooks"—ditto.

There are newspapers which make a flamboyant display of their financial column, which have great weight with the "lambs," but among discerning people they are noted for a scarcity of ideas and a multiplicity of hollow plays to the gallery. Other newspapers which pretend to delineate the course of finance are noted for their ability to end up with a question, or lead you around in a circle to where you began. Their contemporaries feature the foreign exchange market as though that was of the slightest assistance to any one trading with intent to get a profit out of the fluctuations. If we mention the news tickers and news slips on which the outside public feeds, we will have included all the principal public "sources of information."

Is there not some analogy between the fact that the news and the fundamentals frequently fail to fit and the fact that the public loses? The public is chiefly influenced by newspapers, market letters, news slips and professional advisers in the study of these factors!

One need spend but a few months in Wall Street to find that the movements of the market cannot consistently be reconciled to the news, statistics, earnings, outlook or such other considerations as largely influence the general public. Almost every day we see the market advance on bad news or break in spite of favorable developments.

It is impossible to analyze the effect of a certain situation upon the minds of a million people who are interested in the market, either as investors or speculators.

Wall Street is a great "hopper," into which, all day long, there pours an unceasing stream of news, statistics, decisions, railroad and industrial reports, Government estimates, court rulings, corporation announcements, and last, but not least, rumors and tips.

None of these things in themselves move a single stock so much as an eighth of a point. In order to make this clear, we will suppose that some company of great financial strength, such as Union Pacific, without any warning whatever, be placed in a receiver's hands; if the last sale of Union Pacific were 175, the stock would not decline even to 174 $\frac{7}{8}$  unless somebody sold some of it.

It is not the news, nor the facts, nor the statistics, nor the announcements, that produce the fluctuations, but the *effect* of all these things on the minds of men.

Every order which is executed on the New York Stock Exchange has back of it a reason or a hope or a fear, and all this news and all these facts and rumors and tips which are poured into the "financial hopper" have a certain influence on the minds of traders and investors, causing them (directly or indirectly) to buy or sell. It is, therefore, not the day's or the week's developments, but their *effect on the minds of individuals* which is the underlying cause of the movements in the market.

There is also what we might designate as a "secondary effect"; that is, a certain wave of buying indicated on the tape, encourages others to go in on the long side. There is nothing more suggestive or irresistible than the simple *action* of a stock while undergoing a sharp advance. People say "this stock is going up. Let's buy some of it." This produces what I have called the "secondary effect." People like to follow a crowd.

Then, we must consider the technical position, the attitude of those who manipulate the market and the character of the manipulation. If large interests are holding the market steady at a certain level, their supporting orders will prevent raiding by professionals on the floor and will encourage those who have long stocks to hold them. On the other hand, if this most important class of operators be indifferent to a two, three or five point decline, they lower their supporting orders or reduce the quantities in their scale orders. At such times, bad news, or a weak technical position, encourages floor traders to hammer the market, and this in turn produces selling by outsiders.

Very often the market is left to take care of itself. At such points large operators wish to observe just what it will do without manipulation. The market then demonstrates whether it is technically weak or strong, and gives them a better line on the position of the public.

We frequently notice squibs in the papers to the effect that "the advance in Reading was due to the company's favorable monthly report," or some expression of that kind. You can readily see how impossible it would be for the reporter who writes this paragraph to ascertain just why those who bought and sold during the day, did so. In order to make such a statement with any degree of accuracy, it would be necessary to communicate with each buyer and seller for the day, extract from him the reason why he made the trade and strike a balance. These buyers and sellers may be scattered all over the earth, dealing in one, ten, fifty or one thousand share lots. It is, therefore, absurd to place any reliance on statements that this or that was the cause of the advance or the decline. This not only emphasizes the necessity of taking newspaper reports with a grain of salt, but proves that no one actually *knows* what produces these small advances and declines, although there are a great many people who guess about it.

We, therefore, see that a vital market influence is the mental attitude of buyers and sellers. Also that this mental attitude is an absolutely unknown quantity. J. P. Morgan himself does not know how the Street will take a certain announcement, or what the effect of his buying and selling will be.

Mr. Morgan is a half a million share trader. John D. Rockefeller's commitments run into the hundred thousands of shares. His brother, William, who is more or less withdrawing from the market, formerly swung enormous lines. But none of these great speculative factors, nor all of them combined, are big enough to withstand, beyond certain limits, enormous buying or selling by the

speculative public and investors. If these three gentlemen combined swung two million shares, this would represent only \$200,000,000 worth of stock, and \$200,000,000 nowadays is a very small quantity.

There are certain stages in the great advances and declines where Mr. Morgan knows very well that even were he to buy half a million shares, he might check the decline, but finally he would be swept off his feet. When he does step in to turn the market, it is usually because he knows of certain developments which will change the mental attitude of the public. When the Government recently filed its suit against the Steel Trust, Mr. Morgan followed his purchases by a signed statement that the directors believed the company legally organized and conducted, and that the management would contest any attempt of the Government to force dissolution. This made a very strong impression on public sentiment. The selling pressure was reduced.

But if in one stock market session Mr. Morgan were to buy 500,000 shares, and the public 50,000 shares on balance, and other large speculators were to sell 600,000 shares, the market would decline in spite of the Morgan buying.

This brings us up to the pivotal point in tape reading, which is Supply and Demand.

We all know that this same principle governs all branches of trade, whether manufacturing, railroading or dealing in any of the thousands of different commercial lines.

Let us say that the last sale of Steel was 65, and that the actual market is "65 bid, offered at 65 $\frac{1}{8}$ "; then assume that 10,000 shares are for sale at 65 $\frac{1}{8}$ . Any one can buy these 10,000 shares at  $\frac{1}{8}$ , then bid  $\frac{1}{8}$ , and the bid price will have been raised by just so much. But so long as the 10,000 shares remain unabsorbed at  $\frac{1}{8}$ , the market will not advance above that level. It is merely a question of Supply and Demand.

(To be continued.)

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be \$1,000. Ten points on the M. K. & T. would be \$2,000. The combined amount of \$3,000 would finance a change in the "spread" between the two stocks which would be in the highest degree improbable, and, in fact, almost impossible when the earnings of the two roads are taken into consideration. On this capital the deal

would be as safe as buying Lehigh on a 50 per cent. basis.

Your profits, including Lehigh dividends, would have been about \$2,100, as we have seen—giving you a net of well over 50 per cent. on your capital in one year's time. How much better did you do than this during the past year?

## Why the Tape Is a Better Guide Than the News or the Fundamentals

An Address at the Finance Forum, New York City.

By RICHARD D. WYCKOFF.

*(Continued from the March number)*

Some of the greatest floor traders have no opinion on the market; they simply stand in a certain crowd on the floor and gauge this momentary Supply and Demand. If 5,000 shares of a certain stock are wanted at  $\frac{1}{2}$ , and only 500 offered at  $\frac{5}{8}$ , they will take the 500 shares at  $\frac{5}{8}$ , bid  $\frac{3}{4}$  for more and offer their 500 at  $\frac{7}{8}$ . This being still the only 500 shares offered, some one else may purchase it, making a sale at  $\frac{7}{8}$ —a net advance of  $\frac{3}{8}$ . Thus, we have a picture of what happens on the floor of the Stock Exchange, and is faithfully recorded on the ticker tape—the best indicator of this Supply and Demand.

The man on the floor does not know the actual Supply and Demand; although there may be only 500 shares offered openly, the crowd around the post may contain several brokers with orders to sell from 100 to 1,000 shares each when a certain price is bid, and with instructions not to offer.

No one is able to predict what the supply and demand will be ten seconds, ten minutes, or ten days ahead. No one knows what will, in the future, induce others to buy and sell. This is why no one can predict the market with 100 per cent. accuracy, not even those who are recognized market manipulators. Some

of the gentlemen do not like the term "manipulator." Once, in conversation with James R. Keene, I referred to him as a manipulator. Mr. Keene turned on me indignantly, and, with a shower of his choicest "profane," demanded, "Who do you think I am, Lawson?"

Now, it makes no difference whether or not the buying and selling is manipulative; when we see on the tape 100 shares of Steel at  $68\frac{1}{2}$ , 3,000 shares at  $\frac{5}{8}$ , and 5,000 shares at  $\frac{3}{4}$ , we know that the buying *at the moment* is more powerful than the selling, and we do not care whether the buyers actually want all this stock or whether they are buying 10,000 shares through one broker and selling 8,000 shares through others, to give the Street the impression that large buying is in progress. The point is that all this buying and selling, from Morgan's big lots down to the one share of the investor or the ten shares of the odd-lot trader, is reflected on the tape, and every transaction has its part in forming the balance of Supply and Demand, or support and pressure, just as every grain of sugar plays a part in making up the pound.

The greatest supply usually comes from outsiders close to the bottom of the breaks and in panics. The supply from

insiders usually appears on the top of the small rises and at the finish of booms. The demand is just the reverse.

In between the extremes of all the swings the same principle holds, and as we get down to the minor fluctuations, represented by the movements of one to five points, the professional floor trader becomes an increasingly important factor. This element follows the line of least resistance and works against the outsider more than any other group of operators. In an ordinary trader's market, the professional usually takes the short side on bulges and the long side on weak spots. As the outsider does the opposite, the result is obvious. There are floor traders who get the business down still finer: they play for eighths, which, multiplied many times during the day, yield considerable money. Thus, they, too, have an important part in influencing Supply and Demand.

The odd lot orders are filled by the few houses which are dealers in odd lots, and these houses are supposed to even up their commitments as they go along, so that one purchase of 50 shares, one of 30 shares and two of 10 shares each, is reflected in a 100-share purchase by the odd lot dealer.

The insider, who swings enormous lines of stock, naturally makes the greatest impression on the tape. His dealings are in round lots, and when he is buying or selling heavily the volume of transactions is greatly swelled. After he has accumulated his line and is busy marking up prices, the persistent advance is the strongest indication of what he is trying to do. Having advanced his stock to the desired level, his selling can usually be detected by any one capable of interpreting the tape.

When the insider goes to a directors' meeting, and learns that his company's earnings have shown a large increase, foreshadowing dividend prospects and leading him to purchase 20,000 or 30,000 shares, these purchases appear on the tape, and if they are accompanied by others for account of his fellow directors or members of a pool, or those in their confidence, the market for this particular stock broadens, with a sympathetic movement in the rest of the list.

Thus, we see that the tape records the

net proceeds of everything that has been poured into this "financial hopper."

It is impossible to say what is the most important principle in tape reading, because the value of a certain factor will be at times great and at other times small. So I will mention some of them without regard to their relative worth.

The simplest indication is that of, say 100 shares at  $\frac{1}{8}$ , followed by 1,000 shares at  $\frac{1}{4}$ . This shows an upward trend for the time being. But since the Stock Exchange changed its rules so that no "all or none" bids or offers are recognized, this theory does not deserve the same consideration as formerly. Still, it is a valuable guide. Under the old rules, I have heard a large trader give an order to "Bid  $138\frac{1}{2}$  for 25,000 Reading, but only bid it once." Under present rules he would be obliged to take 100, or 1,000 shares, or any part of 25,000 at  $138\frac{1}{2}$ . No such bids are made nowadays unless the bidder is actually willing to take up to the full amount.

The volume of stock which changes hands within a certain radius; the speed of the advances and declines (representing persistency or indifference on the part of the predominating buyers and sellers) are much better indications.

The response of the market to movements in leading stocks or its failure to respond indicates its technical strength or weakness.

The character of the leadership is another important factor. The initial movements in a great advance are usually recorded in the gilt-edge stocks. Canadian Pacific is a good indicator of a coming move. Other high priced issues usually follow in the natural order of things, and the improvement gradually spreads to stocks selling above, then below, par, until it finally reaches the low priced issues known as cats and dogs. Just as a rise in the high priced stocks generally marks the beginning of a movement, an advance in the cats and dogs generally marks its finish.

A tape reader must be able to judge when a movement has run its course. Every rise has its beginning at the end of a decline, and vice versa. The reason a stock turns upward after breaking a couple of points is that the selling power is exhausted and the buying power over-

comes it. The upward movement then runs on until the buying power is exhausted; the number of shares offered become too great for buyers to absorb.

To be a good tape reader one must carry in his head the relative position of the principal swings of the market, that is, the long swing of a year or two, the intermediate swings of thirty days or so, the small movements lasting a few days, and last but most important, the day's fluctuations.

If tape reading were an exact science it might be possible for an operator to be right all the time, but I do not think there is any one in Wall Street who can make such a claim. The fact is that every one from the largest to the smallest trader is obliged to take losses at times, because either his initial judgment was wrong or conditions changed after he made the commitment; so any one who lacks the nerve to stand occasional losses had best not attempt to trade from the tape. A tape reader must endeavor to have his profits exceed his losses, and it must be remembered that if his trading is active he has a high percentage against him in the commission, tax and the difference between bid and asked price, all of which amount, as I figure it, to about \$39.50 on each 100-share transaction.

Often the best results are obtained when the operator occupies a position of complete seclusion. In order to do this he must have a small office containing a ticker and a telephone to the order desk. No news ticker, news slips, or any other form of gossip or information must be admitted if he is to retain an unbiased attitude toward the market. As it has been pretty well demonstrated that the news and the information cannot be reconciled to the movements of the market, it is better for any one operating on the tape not to give these factors a chance to creep in and warp his judgment.

It seems strange that any one can spend his business day within a stone's throw of the Stock Exchange and not know what is going on about him; but this can be done. A trader can seclude himself as completely as though he were in the back woods.

A piece of so-called information,

especially the *guaranteed* kind, transmitted in a whisper and with numerous names, dates, places and confirmations, is the most pernicious influence that a tape reader has to encounter. My advice to any one undertaking this work is that he get away from what is "going on" in Wall Street and concentrate on what the tape says.

Stop orders are more or less of a necessity to the tape reader, as an important factor in his success is the determination to cut losses short and let profits run. He makes a certain purchase because the tape indicates that the next swing will be upward. But in case he should be wrong, he cannot afford to let the loss run into several points. He, therefore, either determines in advance at what point he will take a loss and places his stop there, or he makes up his mind that if he has reason to change his opinion, he will close the trade whether it shows a profit or a loss. In the latter case he does not place a stop order, but simply holds his position so long as the trend of prices is in a favorable direction.

Very often the tape will give an indication which can be operated on with a stop  $\frac{1}{4}$  or  $\frac{1}{2}$  point away from the original buying or selling price. On the day Steel broke to 50, Reading showed itself a purchase at  $137\frac{1}{4}$  with a stop at 137, and Union Pacific at  $159\frac{3}{8}$ , with a stop a fraction below. If, with such a small risk a possible profit of several points can be anticipated, it may be considered an attractive business venture.

Before the Government suit against the Steel Corporation was announced the tape showed that important selling of Steel common was in progress. Any one noting this could have sold the stock short with great confidence, knowing that it would be difficult for the price to advance over a point or two, while under such pressure. A few days later Steel broke to 50.

These indications, and others which followed, were extraordinarily clear, but it must not be supposed that the tape always yields up its secrets so unmistakably.

By using stop orders, pyramiding and moving stops so as to gradually reduce the risk, then assure a profit on the average buying or selling price, it is often

possible, to get, say, 9 points out of a 6-point movement, the original risk being only a point or two.

A trade based on the tape need not necessarily be closed up the same day. If the tape reader sees important accumulation or distribution going on, he can make a commitment and stick to it as long as it looks good. When he sees opposite indications, the trade may be closed and he can take the other side if he chooses, whether it is a day, a week or a month later.

I hope you will pardon a few references to my own trading; there seems no other way of demonstrating that tape reading is not a theoretical, but a thoroughly practical proposition. I cannot speak of what is being accomplished by others working on the same lines, because I do not "keep their books."

A record of two very good days is printed in the back of my book, "Studies in Tape Reading." On this occasion I made, during two stock market sessions, fifteen transactions, seven of which were on the long side and eight on the short side. The stock fluctuated between  $166\frac{3}{4}$  and  $170\frac{3}{8}$  (only  $3\frac{5}{8}$  points) during that time. These trades resulted in 13 profits, one transaction in which there was neither a profit nor a loss, and only one loss amounting to  $\frac{7}{8}$ . The gross profit amounted to 11 points. After deducting  $\frac{7}{8}$  loss,  $3\frac{3}{8}$  for commissions and  $\frac{1}{4}$  for tax (a total of  $4\frac{1}{2}$  points), the net result was  $6\frac{1}{2}$  points on the profit side.

There have been days when three transactions (a total of six buying and selling orders) resulted in my striking the actual top or bottom *eight* five times out of the six. I do not know of any other method of trading which at any time would show such remarkable results, figuring from a standpoint of the small risk involved; for it must be remembered that I always use stop orders from  $\frac{1}{4}$  of a point to one, two or three points away from my original buying or selling price.

But it must not be supposed that I can secure these results all the time. I have winning streaks and losing streaks. I have frequent losses and make trades which another person looking on might consider stupid. This is liable to happen

to any one. I have seen a very prominent operator close out his long holdings of a certain stock just before it rose five points.

The record of a certain account operated on the tape for a recent period of about  $2\frac{1}{2}$  months, showed  $51\frac{1}{8}$  points profit and  $14\frac{1}{4}$  points loss, or a net profit of  $36\frac{7}{8}$  points, after the payment of  $9\frac{1}{4}$  points commission. The profits, therefore, amounted to 78 per cent. of the total and losses 22 per cent., or nearly 4 points profit to every one point loss.

Every one here will agree that the most desirable method of speculating is the one which will yield a maximum number of points profit with a minimum of capital within a given time; that is, any one with a capital of \$5,000 might better employ a method which would yield one point a week or 52 points a year, than one which would require two years to realize that many points. We must make our capital work for us as fast as possible, and if the risk on each commitment is limited to not over three points, it requires less capital than a plan which necessitates averaging and perhaps employing all of your capital on a single trade.

In the case above mentioned, it was shown that in round figures 37 points profit was made in  $2\frac{1}{2}$  months. We never hear of such a profit being made by those who operate on tips or information; it is seldom made by those who work on facts and intrinsic values, except after a panic; it would be considered a very good year's work by almost any kind of a speculator. A little calculation enables us to ascertain that 37 points profit in  $2\frac{1}{2}$  months is equal to 177 points per annum, or \$17,700 on a single hundred share lot.

At no time during these  $2\frac{1}{2}$  months was it necessary to use over \$2,000 capital on a single hundred shares. On a yearly basis, therefore, the capital would have increased nearly 900 per cent.

These results are possible to any one who will devote his time and attention to the study of the tape. I do not doubt that there are a great many men in Wall Street who are able to do this. But let me warn them in advance that it requires years of study, experience and losses before one can arrive at the point

where he can make his profits exceed his losses. The majority of people find themselves totally incapable of such a campaign. Their discouragement increases with each successive loss, and three or four unfortunate experiences will make them quit tape reading and try something else.

In order to be a good tape reader, a man must develop a certain trading character. He must perfect himself in clear thinking, quickness and accuracy of judgment. He must have the courage of his convictions—plenty of initiative and patience. Long practice will also develop a certain intuition.

I believe that eventually the only market letters and financial columns to gain attention from the most intelligent class of traders will be those which are written from the tape. The qualifications of a broker, too, should in the course of time include the art of tape reading. For the public is growing more and more educated, and therefore more exacting.

During my experience in Wall Street, covering nearly a quarter of a century, I have studied the proposition from every available point of view. As editor and publisher of an educational financial magazine, I have been obliged, during the past four years, to secure and analyze all obtainable ideas bearing upon the science of speculation and investment. This has necessitated a scrutiny of the methods employed by both successful and unsuccessful traders and investors, as well as those of the manipulator, the

large operator and the floor trader.

I have found that the losers are principally those who deal on what they *hear*, as well as those who work on the facts or what they *think* are the facts. The most successful class of speculators appears to be composed of those who work on Supply and Demand. Included in this group are a large number of floor traders; James R. Keene, whose active trading is based on the tape; Mr. Livermore, who ran \$5,000 into a million or more a few years ago; Jacob Field, who spends most of his days reading the tape (Mr. Field at one time was reported to be worth \$3,000,000 or \$4,000,000); Bernard N. Baruch, who, it is said, judges the tops and bottoms of the principal swings by what he sees on the tape. Most of these people started in a very small way, and at one time knew less about the market than some of us do now.

If your object is to make money from the fluctuations in stocks, I should say that your best plan is to study the market itself, not the newspapers, statistics or earnings, but the manipulation, the habits of stocks, the periodical swings and the minor moves.

Forget all those old theories that your grandfathers brought down to Wall Street; they do not work in the market of today.

The market is made by the minds of men. What the minds of men have made, your minds can solve. The problem requires study, practice, experiment, persistence and *unlimited* patience.

